

Our Fuel for the Future

Summer is officially here. And during this time, we like to put the winter months behind us and focus on the longer and warmer days. But we are in the midst of an energy crisis across the nation and in Alaska. And the warmer summer months will only provide a brief respite from the colder months and the increasing need for fuel which lay ahead.

It is heartbreaking to hear so many of our residents forced to make the ultimate choice between eating or heating their homes. This is not right, especially in a state that is so rich in energy sources.

That's why I appointed an energy coordinator in this state to work on visions for short-term, intermediate and long-term energy relief and independence.

A component of the intermediate vision is what's called a "bullet line" that runs from the North Slope basin to Alaska's homes. The "bullet line" is a concept that was considered carefully by the legislature when they passed AGIA. Legislators recognized there may be a need to build a smaller pipeline that connects Alaska communities to the supply basin. And so our lawmakers saw to it that issuing the AGIA license did not in any way prevent them from facilitating a smaller project that satisfies Alaskans' energy needs.

There are concerns that have been expressed that if the state engages itself in another pipeline project, the state will owe TransCanada Alaska ("TC Alaska") three times what TC Alaska has already invested in the pipeline. I want to assure you that any "bullet line" that's been discussed to date fits within the parameters defined by AGIA and does not interfere with or violate our commitment to TC Alaska.

There are a couple of reasons why the "bullet line" can be built as we move TC Alaska forward. First, any "bullet line" that serves Alaska's needs will carry less than 500 million cubic feet per day of throughput. That is the maximum allowed per day without violating the state's contract with TC Alaska. Right now, the state's energy needs are being met with less than that from Cook Inlet. And in-state use studies estimate we would not require more than 500 million cubic feet per day of throughput from the North Slope for over 20 years. Additionally, Enstar recently announced plans to construct a 470 million cubic feet per day pipeline that also fits within the parameters. Secondly, the throughput maximum is only applicable if the state is asked to provide some sort of financial assistance. That hasn't happened either. Enstar is also on the record as considering its project "compatible," not "competing."

But as we focus on natural gas, we also recognize that not every community is capable of being served by a natural gas pipeline – and we're paying attention to those areas, too. With the

growth of our natural gas economy will come opportunities and solutions which will include alternatives like hydroelectric, wind power, geothermal or biomass.

A bullet line will never directly supply gas to Kotzebue or Ketchikan. But with the passage of AGIA, Alaska enters into a new era of energy exploration and development. With open access and fair expansion provisions, our pipeline will grow the North Slope basin and other prospective areas of the state and maximize jobs, energy, and revenue for all Alaskans.

Governor Sarah Palin